COMPAGNIE GENERALE DES EAUX

v.

COMPAGNIE GENERALE DES EAUX SDN. BHD.

HIGH COURT MALAYA, KUALA LUMPUR
ABDUL MALEK AHMAD J
[CIVIL SUIT NO. D5-22-590-92]
10 JULY 1992

TRADEMARKS: *Passing off - Plaintiff sought to injunct defendant from using its name - Summons in chambers - Certificate of urgency - Claimed such use would cause confusion - Plaintiff had local presence since September 1986 - Application to register company dated 25 October 1991 refused by Registrar of Business as defendant had already registered the name on 26 September 1991 - Whether plaintiff had sufficient goodwill, reputation, presence and assets locally - Whether generic French name capable of protection - Whether non-registration of company at original date for decision fatal.*

The plaintiff, *Compagnie Generale Des Eaux*, an international company of 130 years of standing had sought to injunct the defendant from using its name by a summons in chambers filed on 21 April 1992 upon a certificate of urgency. Such use, it argued, would cause confusion locally as it is involved in a joint-venture since September 1986 and had established a representative office in July 1988.

Its application to register locally dated 25 October 1991 was refused by the Registrar of Business as the defendant had already registered the name one month earlier that is 26 September 1991.

Resisting the application, the defence argued:

(a) That the plaintiff had no goodwill, reputation, presence or assets locally;

(b) That the name being generic, was incapable of protection;

(c) that its business was different and diverse from that of the plaintiff and neither has it proved it was suffering damages as a result of the said use.

(d) that there was delay in making the said application for injunction and that the non-fulfillment of the stipulated requirements for registration of a representative office at original date of decision was fatal.

The defence also sought RM50,000 as security for costs as the plaintiff were not yet registered locally.

Held:

[1] Although the defendant had prior registration of the name, the plaintiff through their involvement in a joint-venture since 1986 had acquired sufficient goodwill, reputation and presence notwithstanding the fact that it had not fulfilled the relevant requirements for registration of a representative office at original date of decision.

[2] As the use of the French name was bound to cause confusion, it did not matter the name was generic.

[3] There was no delay in making the application.

[4] Defence application for security for costs was granted with a reduced sum of RM20,000.

[Plaintiff's application for injunction was granted with costs and defendant's application for security for costs was granted with a reduced sum.]

Cases referred to:
Esanda Ltd. v. Esanda Finance Ltd. [1984] 2 NZLR 748 ***(foll)***
Cavendish House (Cheltenham) Ltd. v. Cavendish-Woodhouse Ltd. [1970] RPC 234 ***(refd)***
Effluent Disposal Ltd. v. Midlands Effluent Disposal Ltd [1970] RPC 238 ***(refd)***

For the plaintiff - Porres Royan, H.T. Tan with him; M/s. Shook Lin & Bok
For the defendant - David Morais; M/s. Ram & Co.

JUDGMENT

Abdul Malek Ahmad J:

The plaintiff had applied to restrain the defendant from using their name by a summons in chambers filed on 21 April 1992 upon a certificate of urgency on the grounds that being a French multinational company of some one hundred and thirty years' standing, they had been known internationally by that name and since they are having a twenty per cent share in a Malaysian based company Taliworks Consortium Sdn. Bhd., since September 1986, and had set up a representative office in this country in July 1988, any other company in this country with the same name would surely result in some amount of confusion.

By virtue of its business interests in Malaysia in view of its favourable business prospects, the plaintiff had decided to expand its business here by incorporating a company locally in September 1991. However, when they wrote to the Registry of Companies on 25 October 1991, they had received a reply on 30 October 1991 stating that the name they had proposed had already been taken up by the defendant which had been registered on 26 September 1991.

The defendant, in resisting the application, has maintained that the plaintiff has no goodwill, reputation or presence in Malaysia and that since the name is generic, it cannot be protected. They had also contended that the activities of the plaintiff were different and diverse from that of the defendant and that the plaintiff had not shown that they were suffering damages. Learned Counsel for the defendant had also submitted on the plaintiff's delay in making the application and that the plaintiff had no assets within the jurisdiction.

To my mind, reading the names of the parties in itself would certainly have caused some confusion. This, coupled with the fact that the plaintiff had already been using the said name for the last one hundred and thirty years all over the world and had been involved in joint venture projects in Malaysia since 1986, is good reason for them to be upset if another company with the same name were to be set up. No doubt the defendant had registered the name about one month before the plaintiff applied for the registration but the plaintiff's involvement in the country since five years before that date was in my opinion more than sufficient to establish goodwill, reputation and presence in Malaysia. This view was despite the further argument by learned Counsel for the defendant, on the original date for decision, that the plaintiff had not fulfilled the requirements stipulated for the registration of a representative office and had in fact not established a representative office here. However, in my opinion, this did not prohibit them from carrying a business through its joint venture company which was what in fact they were doing. I was also of the view that it did not matter that the name is generic because being in the French language any person here dealing with either party would certainly have thought that the other party in this action was the same company.

It is necessary and relevant therefore to look at other case authorities where the same name had been used. In *Esanda Ltd. v. Esanda Finance Ltd.* [1984] 2 NZLR 748 the facts were as follows: In December 1982 Esanda Finance Ltd. was incorporated in New Zealand as a finance company with an authorised capital of RM100,000, all but one of the RM1 shares were held by Mr. Brunner, the other being held by one of his companies, and Mr. Brunner was appointed governing director for life. Esanda Finance Ltd. had done no business by August 1983. Esanda Ltd., an Australian finance company incorporated in 1955, and now owned by the ANZ Banking Group, had a capital of A$100 million of which A$95 million was paid up. For the year ending 30 September 1982, its gross income was A$396 million. It had no direct presence in New Zealand but it claimed a substantial reputation in the country as a major Australian finance company. Esanda Ltd. and the ANZ Banking Group (New Zealand) Ltd. sought an injunction restraining Esanda Finance Ltd. from passing off its finance company business as belonging to or associated with them, and pending trial of the action they had moved for an interim injunction.

It was held that reputation plus some market activity in the jurisdiction was sufficient to establish a business goodwill entitled to protection. Although its business connection in New Zealand was slight, Esanda Ltd. had established a sufficient business connection with New Zealand for there to be a serious question of passing off to be tried. The publicity given to Esanda Ltd.'s name and connections both directly in New Zealand and from Australian advertising and contacts was enough to establish a sufficient *prima facie* case of reputation among the local financial and business world. The affidavit evidence also sufficiently established that in the local finance and securities industry any reference to "Esanda" would conjure up at least an indirect association with the ANZ Banking Group (New Zealand) Ltd. *via* its Australian parent. Consequently, the Court ruled that the balance of convenience undoubtedly favoured the granting of an interim injunction to maintain the *status quo*.

The defendant here had also complained of the plaintiff's delay in making the application but my opinion was that there had been none and even if there was any, it had been well explained. The plaintiff knew of the situation on 30 October 1991 and had filed the writ about six months later on 21 April 1992. They had tried to solve the matter first through the intervention of the Registrar of Companies and this had taken time. In another case where the same name was involved, the question of delay had also been touched upon. It is therefore pertinent to refer to it namely the case of *Cavendish House (Cheltenham) Ltd. v. Cavendish-Woodhouse Ltd.* [1970] RPC 234 where the facts were that on a motion for interlocutory relief in a passing off action the plaintiffs had established what was found by the trial Judge to be a strong *prima facie* case, but they had delayed applying for interlocutory relief from October 1967, when they first became aware of the defendants' activities, until the writ was issued in July 1968. Notwithstanding this delay, the trial Judge had decided that in all the circumstances of the case an interlocutory injunction should be granted.

On appeal by the defendants to the Court of Appeal it was held, while dismissing the appeal, that there was a strong *prima facie* case of passing off, that some of the delay, but not that from January to May 1968, was fairly well explained, and that, on the whole, the Court did not disagree with the discretionary view reached by the trial Judge, who had not misdirected himself in a way which entitled the Court to reverse his decision. Accordingly, an interlocutory injunction was granted.

Similarly, both these issues were also raised in *Effluent Disposal Ltd. v. Midlands Effluent Disposal Ltd.* [1970] RPC 238. There, the plaintiff company had since 1965 conducted an increasingly prosperous business in the disposal of effluent, advertising under its own name of "Effluent Disposal Ltd." and operating from Birmingham in the Midlands. The defendant company, "Midlands Effluent Disposal Ltd." was formed in January 1969 with the object of carrying on business in the disposal of industrial effluent and also claimed to have an increasing business. There was some evidence of confusion in newspapers between the two businesses, but not evidence from the trade. Not later than the first week in June 1969 the plaintiff company had ascertained that the defendant company would not change its name to avoid the confusion which the plaintiff company alleged. It was not until the issue of the writ, on 7 October 1969, that any further step was taken, and there was no evidence as to the reason for this long delay. It was decided that the plaintiff had made out a very strong *prima facie* case and that the only word which could serve to differentiate the two businesses was the word "Midlands" and this, on the facts of the case, was no distinction at all. In our case, the situation appears to be stronger as there is nothing to distinguish the two parties except for the words "Sdn. Bhd." in the case of the defendant.

On these facts and considerations, I had accordingly granted the plaintiff's application for an injunction with costs.

As for the defendant's application for security for costs which was heard at the same time, it is true that it is not an inflexible rule that foreign plaintiffs should be ordered to pay the same in all cases. And, despite my finding that the plaintiff had established goodwill, reputation and presence in Malaysia, my view was that they were not yet registered locally and was therefore in that sense not yet within the jurisdiction. As they are having an injunction in their favour subject to an undertaking for damages I was more inclined, using my discretion, to order some security for costs but felt that the RM50,000 asked for by learned Counsel for the defendant was a bit on the high side. I had therefore granted their application for only RM20,000 to be paid within one month, as agreed by both parties, of the order.

Also found at [1992] 4 CLJ 1979